Can we build a new health system?

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On its way to becoming the sixth largest world economy, Brazil faces the problem of building an efficient and first-rate health system. According to a January survey by the National Industry Confederation, 61% of the population consider the system poor or very poor, and 85% say they have seen no progress in the past three years. These views reinforce the federal government's review of the Unified Health System (SUS); in its survey only 6.2% of municipalities considered SUS services to be good. But by attempting to measure the quality and scope of the benefits SUS provides, the government is at least moving to answer the big questions: Does Brazil invest too little in health? Are the resources invested in the sector badly managed? Or both?

In truth it is not easy to bring full and fair universal health care to 190 million people, of whom 145 million depend exclusively on the public system, where a lack of basic services coexists with advanced programs that meet international standards. But despite failures and inefficiencies, there seems to be a consensus that addressing funding and management issues could help solve national health problems.

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Room to improve

"In terms of health, Brazil spends more than many countries that have better results, which means we could improve our performance with current spending," says Bernard Couttolenc, a health economist who is CEO of Performa Institute. Despite cuts, the Ministry of Health is getting the largest share of the 2012 federal budget: R$72 billion—up from R$23 billion as recently as 2000. When private spending is added to public, Brazil currently spends about 8% of GDP on health. However, contrary to most developed countries, the state spends less than the private sector.

Recent data from IBGE (the Brazilian Institute of Geography and Statistics) shows that in 2009 households spent 29.5% more on health-related goods and services (R$157 billion—R$835 per capita) than the government (R$124 billion—R$645 per capita). "This larger private sector share in health spending in Brazil has been the case for a long time," says Ricardo Moraes, IBGE manager of national accounts. Data from the World Health Organization (WHO) classified Brazil 72nd among 193 countries in terms of per capita expenditure in health, behind neighboring Argentina, Uruguay and Chile, whose economies are much smaller. Brazil's performance, according to the WHO, is 40% lower than the international average.

Moraes does point out that since 2000 government spending on health has increased more significantly than household spending. According to Gabriel Leal de Barros, a researcher for the Brazilian Institute of Economics of Getulio Vargas Foundation (IBRE-FGV), this is not just a matter of political will. The Constitution of 1988 set out more comprehensive health spending rules. He also pointed out that Ministry of Health budget execution has improved from 80% in 2007 to 87% last year.

Ligia Bahia, professor, Institute of Public Health, and coordinator, Laboratory of Political Economy of Health, Federal University of Rio de Janeiro (UFRJ), believes that for Brazil to actually achieve universal health care, "It is [necessary] not only to contribute more money, but to abolish public subsidies for private spending on health. Tensions on

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the prioritization of health spending in the government agenda will continue. In 2012 health sector issues will be priorities for mayors and city councils." Fausto Pereira dos Santos, advisor to Health Minister Alexandre Padilha, admits that "Those who work in the health sector recognize that funding to the health sector is not enough compared with countries in South America or those with universal systems."

Constitutional standards

Amendment 29 of the Constitution sets out minimum annual spending on health by the federal government, states, and municipalities. After 11 years of discussions in Congress, last January the amendment became a complementary law (141/2012) that was signed by President Rousseff. Yet there has been no substantial change with respect to the share of public spending on health. The law requires that states allocate 12% of revenues to health, municipalities 15%, and the federal government the same value as in the previous year plus at least the nominal growth of GDP in the previous two years.

Politicians, managers, doctors, and health sector workers have advocated that the federal government spend 10% of revenues on health. However, the government argues that constant changes in the amounts allocated to health could lead to budget and fiscal instability. "In our assessment, what was approved was far short of what Brazil needs," Aloísio Tibiriçá Miranda, vice president, Federal Council of Medicine (CFM), complains. The financial discussion was too short-term, says Alexandre Marinho, researcher, Institute of Applied Economic Research (IPEA) and adjunct professor at the State University of Rio de Janeiro (UERJ). The discussion turned on "how many

billions more or less we can afford today," he points out, but "No one asks how this model will be in five, 10 or 20 years. What are the alternatives if the resources mandated are not sufficient?" Miranda recalls that before Congress voted, the health minister himself had insisted that the sector would need an additional R$45 billion in investment, but "The bill passed in the Senate would provide [only] R$35 billion."

De Barros, however, thinks the possibility of the federal government spending 10% of revenues on health is not feasible. He warns that "The government would have no way to reconcile this figure with adequate funding in areas such as education and social security."

The expectation is that the new law will provide some qualitative improvements. "Amendment 29 touches on management when specifying health-related expenditures," de Barros says. Dr. Bahia adds that this requirement can enhance transparency and control of health budgets, saying "Governors and mayors have mishandled resources by including other expenditures in health accounts." Paulo Ziulkoski, president, National Confederation of Municipalities, disagrees: "The municipalities had to allocate 15% to health, but the national average has been 22%. In the last 11 years, municipalities have already put in R$130 billion more than the mandatory 15%."

Couttolenc believes that "Our system is very wasteful and inefficient. Despite some significant improvements in the SUS, through programs like Family Health (Saúde da Família) and Primary Care (Atenção Básica), there are still major distortions in resource allocation, management, and financing that, if corrected, would greatly reduce the need for additional resources."

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IBRE's De Barros agrees. He notes that reports from the Court of Audit and the Comptroller General show clear weaknesses in efficient government management of resources. "The ability to monitor and control the Ministry of Health is very limited," he observes. "Management basics, such as monitoring executed and budgeted expenses, are disregarded."

IPEA's Marinho approves of investing directly in management. "It is important to hire workers, review working arrangements, and invest in specific knowledge in managerial techniques to guide health agencies. These important steps have been adopted by health sectors in other countries, but not in Brazil," he says. The decentralized SUS structure—the federal government formulates national policies to be carried out by states and municipalities—hinders progress because not all local units have the resources and qualified personnel to manage the sector.

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Can it be done?

An IPEA study[1] reveals that Brazil invests almost as much in the health sector as the countries of the Organization for Economic Cooperation and Development (OECD), which should warrant better results. Investing efficiently in health, Marinho says, "would have a very high return for society [such as reduced mortality and life expectancy at birth], possibly even better than in some OECD countries." The OECD study suggests that Brazil has the ability to convert resources into action, but in Marinho's view resources are still insufficient and better administration is noticeably lacking.

To fulfill the constitutional mandate of universal health care for all Brazilians seems an almost impossible task. International studies point to investment in health networks organized by region and coordinated centrally as a way to increase the efficiency and quality of health services. Couttolenc agrees but says, "The SUS has made sparse and timid actions in this direction, and almost nothing has been done in the private sector. Expanding and building up this strategy should be a priority to improve our health care system."

Couttolenc also recommends that the public and private sectors move quickly to join efforts to improve the financing and management of the health system because they face three major challenges: rapid aging of the population; increasing expectations of society regarding the quality and humanization of health care; and the need to eliminate the current division between SUS and the private sector to get rid of duplication and inefficiencies. He says, "We need a clear design with roles and responsibilities defined and mechanisms for coordination."

[1] Alexandre Marinho, Simone de Souza Cardoso, e Vivian Vicente de Almeida, "Brasil e OCDE: Avaliação da eficiência em sistemas de saúde," Instituto de Pesquisa Economica Aplicada, Rio de Janeiro, 2009, http://www.ipea.gov.br/portal/index.php?option=com_content&view=article&id=4922&Itemid=2.